

[BROWN:] I have been at Federal Student Aid I guess about 11 years and every time I attended one of these conferences, my colleagues, Marilyn LeBlanc or Jean Saunders would get up and talk about the IRS Data Retrieval process and wanting to implement this so that students who were completing the FAFSA would have an easy way of obtaining the information that was already provided to the Internal Revenue Service, and over the years we promised a solution and then we have not been able to deliver. We promised but this time starting in January of 2010 we will be delivering a FAFSA/IRS data share solution.

So for today's session, Ginger and I are going to talk about exactly what is the Data Retrieval Tool, how it will work, who can use it, when they can use it, what's new for 2009/2010, 2010/2011, verification – I know that's something that's near and dear to all of you, and any ideas that you might have to improve this process in the future. So, as I mentioned earlier this was really a collaboration between 2 federal agencies. And so we are here to tell you that we can work together to get a project done.

This tool really addresses one of the major concerns on the part of the IRS, and I think this has been probably one of the roadblocks that avoided past implementation and it was the IRS's understanding of their statute that they could only share tax information with the applicant or with the taxpayer, and that information could not be shared with another agency. But now this process will provide our applicants access to an IRS site where they can opt to download their IRS tax information and have that information pre-populate directly into the FAFSA.

So how will it work? Our applications will come to the FAFSA on the web site as they would normally and indicate in Step 2 that they would like to fill out their FAFSA. They would indicate in the drop-down box – and again this initial implementation will be for the remaining 2009-2010 applicants so they would indicate that they would be completing their 2009-2010 FAFSA.

We have inserted a new screen that basically informs them of the availability of this option to go out and get their IRS tax information and then eventually transfer that information into the FAFSA. We tell them that the tool is optional. The advantages that we see to using it is that it will increase the accuracy of the information that they provide on the FAFSA and save time with the completion of the application. We advise them on who should use the tool and the first is that they shall have filed their 2008 tax return, that they have a valid Social Security number, that they have a federal student aid PIN, and just as our current conditional PIN process works, if someone were to come to this site that doesn't currently have a PIN, they will have the opportunity to apply for and receive a PIN, and they shall not have had a marital status since December 31, 2008. The reason for this is that we believe that if somebody has had a marital change, either they divorced so they would be going out and getting too much income information that of themselves and a former spouse, or if they are married, they wouldn't be getting enough income information. So, again we want to avoid as best as possible people not providing their complete income information as a result of using this tool.



We also give some recommendations on who should not use the tool: Anyone that has filed an amended tax return. The IRS is only providing information for initially filed taxes. No amended tax data will be made available through this solution. If they did not file their tax return because basically the database would not include their tax information, so there would be no real benefit of them going out to try to use this, and if they have a filing status of married filing separately. We do understand from the IRS that there is only about 5% of married couples that file using this status. But, again, if they are married filling separately, they would only be going out getting half of the information and, again, we want to avoid them not reporting their complete financial picture.

So, once they have been able to review this What's New? They will proceed through the application as normal, and we have maintained all of the different skip logic and that goes along with completing the FAFSA. The trigger for accessing this tool will be the question of whether or not someone had filed their 2008 tax return. So again, based on some of our criteria, if they indicate that they had filed their taxes, they would be offered the option of using this IRS Data Retrieval Tool.

So, the next screen that they would see is still within FAFSA and it is View Your IRS Information. Again, based on the logic of the application, the parents will have the opportunity to access the tool first. They will be asked to enter their PIN. If they provide information for both parents on the FAFSA, we will be asking them which parent is going to be using the tool because we will need to be able to match the Federal Student Aid PIN to the parent that is opting to use the tool. They enter their Federal Student Aid PIN and they would simply click the button linked to the IRS. Again, they could get to this point and decide that they don't want to use this option and they would be able to skip this option, and again we have provided instructions or links to instructions around who we do not recommend using this tool. The married filing separately, amended tax return, or those that have filed a foreign tax return. So there is a kind of help text sitting behind these hot links helping them to understand why this tool is not perhaps the best option for them. Anyone that elects to skip the option, they will just be prompted forward in the application as they normally would and be able to enter this information manually as they currently do.

Once they click link to the IRS they will receive a message informing them that they are actually exiting the FAFSA on the web site and that we will be moving them over to an IRS site. Once they click the OK button, they'll go over to the IRS site. Our customer service representatives at the Federal Student Aid Information Center are prepared to support our FAFSA users in completing and using this IRS data retrieval process. Once the taxpayer, I'll refer to them, from this point forward is taken over to the IRS site, this is the first screen that they will see, and this is the IRS authentication screen. We will move forward from the FAFSA the applicant or taxpayer's name, their Social Security number, and their date of birth. They will have an opportunity to change their name and date of birth if for some reason they have reported this information differently on their 2008 tax return. But the information entered on the IRS authentication screen must be entered exactly as it was entered on the 2008 tax return. So they would need to provide their address. Also they would need to provide their tax filing status. They would hit the



submit button and instantaneously, their tax data will be returned to them. So it will look pretty much like this. They will have all of the data elements listed, tax year, the names, Social Security number. They will not be able to update their Social Security number; so, again, applicants need to be able to pass the IRS authentication process in order for this information to be presented to them. The type of tax return filed, their filing status, adjusted gross income – so again these are basically the data elements that are needed to complete the FAFSA.

The IRS wants the taxpayer to provide positive affirmation that they want to take the information that is provided and have that information populate the FAFSA. So they need to do kind of an active confirmation, check the box, and hit the 'Transfer Now' button. If at this point they decide that they do not want to transfer their data, they can simply hit the 'Log Out' button and again, I'll tell you about their process, which is a little more complicated than the data transfer one; but, again, at this point they would have the option to be able to print the data as presented, log out of the IRS system and, again, if they choose, use that information to enter into the FAFSA manually.

The first screen that you saw, those were the data elements that if someone had completed a 1040 or 1040A. If someone were to have completed a 1040EZ they will get this abbreviated screen with the appropriate data elements and the process is basically the same for both.

Okay so for those that opt to do the data transfer, they will be taken back into FAFSA On The Web. So their FAFSA On The Web session will kind of relaunch or reactivate. They'll receive a confirmation that their information was successfully transferred, and those data elements that are populated from this IRS data retrieval process will be so annotated within the FAFSA. So you can see we are displaying here that someone had actually filed a 1040, so we got the confirmation that they filed a 1040, and you'll see that there is an annotation right in that box saying that the information was transferred from the IRS.

Subsequent to the data transfer, if someone were to come in and change the data, then those annotations will be removed from their file. So, again, once the data transfer happens, we will annotate the record indicating that the information came from the IRS. But if they were to change or update that information, those annotations will be removed from every data element that came over as a result of that data transfer.

So let Ginger and I just get through. We are going to try to save a lot of time at the end where you guys can ask questions, okay? So, again, they would just complete the remaining application and then if, for example, the parent was auto-zero, the student would not be offered the opportunity for the data transfer because, again, that student does not need to report income. If the student needed to provide income information, once they progress through the application and indicated the type of tax return they had filed, they would also be offered the opportunity to take advantage of this data transfer feature, and that's what these next slides just demonstrate. Again, for the student record we are just asking them to enter their PIN. They would proceed through the remainder



of the FAFSA, again, answer that trigger question of whether or not they have filed their 2008 tax return, and then be offered the IRS data retrieval that is almost exactly what the parents have experienced.

I talked a little bit about those people who opted not to use the data transfer, and this is the one thing that we weren't able to operationalize as smoothly as we had wanted, and for those applicants that opted not to use the data transfer – you know, if they use the transfer we can port them right back into their FAFSA application exactly where they left off. For those that opt not to use the transfer, the process isn't quite as smooth as we wanted it to be. So what they would have to actually do is log back into the FAFSA but, again, they would be taken back to the point that they had left off and opted not to do the data transfer. The other thing is, again, because you know we are opening new browser windows when an applicant goes over to the IRS, when someone completes the process and submits the application, if both parents and the students were to use the process, they are going to have these 2 browser windows just open at the end. So the one thing that we really have to do is work with applicants to help them understand that they have, in fact, completed and submitted the application and that they can simply close these browser windows. There is nothing more to the application process that they need to do.

So 'Who Can Use It and When Can They Use It?' Both initial and renewal applicants and their parents will be able to use this data retrieval process. Again, applicants and their parents will need to have a valid Social Security number and a Federal Student Aid PIN. They will have to have completed their 2008 tax return and not had a marital status change since 12/31/2008.

This next chart just basically helps to explain kind of the implementation timelines. Again this first implementation is for the remaining 2009-2010 applicants. So, again, we are going live with this data retrieval process starting on January 24. So anyone still needing to complete a 2009-2010 application, if they come to FAFSA On The Web after January 24, they will have the ability to use this IRS data retrieval process. So, again on January 1, 2010, which will be launching our new simplified FAFSA and so for the 2010-2011 applicants we hope to have this data retrieval process implemented by July 1, 2010. One of the things that we realize is that this process does not really work for users during our peak periods, but that's one of the things that we are really trying to work with the IRS on. We do understand from them that we could have more of a real time process, and what this could look like for 2011-2012 is as soon as we launch our application in 2011-2012, that we would have the ability for anyone that had filed there, and I guess it will be their 2010 taxes at that point to offer this data retrieval process starting on January 1 or soon thereafter when people have actually filed their taxes, and this process could be more alive with our application processing startup and our peak application period. So, Ginger is going to come up and go through the rest of the information and then we will take all of your questions.

[CLARK:] Good afternoon, my name is Ginger Clark and I work in Application Processing. I am not Marilyn Leblanc, as you all will tell. I don't look anything like her.



She is much more beautiful. She was unable to be here. She had an appointment that came up and she was unfortunately not able to come, and she is very disappointed, and she would love to be here and be presenting, but I am going to try and do this in her stead. Marilyn and I both work in Application Processing. She is the director, and I am her supervisor – the only supervisor she has in that area, and we are responsible for the implementation of all the requirements that Michele – we work very collaboratively with the student area that Michele works in to try and gather information and present products that are very usable to our students, that we all share. And we also focus in our program area a lot on financial aid administrators. So what I would like to talk to you right now about is a little bit about the output that we will be showing the data retrieval process for 2009-2010 and what we plan to change for 2010-2011 and what we might change for 2010-2011 as well. As Michele said in the presentation, that this is only available to students and students' parents from FAFSA On The Web and in the initial application and the renewal application. But the information will appear in the corrections application part, so we are going to talk about that. This new indicator that says 'Transferred from the IRS' will be populated to each one of the fields right next to it that the data was transferred from the IRS. The indicator will be removed when, if during the initial application process, the student and/or the parent decide they do want to transfer the data but when it gets in there they don't like the data and they want to change it. We want you to know that the student had a chance to go out and get the data, the parent had the chance to go get it – that it came back and that they made a change to it. Also this will be removed only if a student and a parent both opt to go out to the IRS and retrieve the data and bring it back and the student makes the change to their data. Only the indicators next to the student's data elements will change and all go away, but the parents' information will stay there. If one data element is changed the indicator gets removed from all the data elements – just so you know.

To minimize the impact to this year we are not making any changes since this is a mid-year introduction of this process. We are not going to make any changes to the SAR or the paper SAR, or the electronic SAR Acknowledgments, so that there won't be any impact to the student, but we want you to know that the data was there so we're going to talk about how you'll know that. Once the transfer from IRS indicator is there and you go into Corrections On The Web or corrections in FAA Access, you will be able to see the indicator on each one of the data elements where the transfer took place, so you can see from this slide that each one of the data elements that was transferred says that it was transferred from the IRS. We hope that this will encourage students not to make changes to these data elements because they will realize that's where the data came from and that it should be correct.

Also as you know we edit data elements in the FAFSA and one of the big data element fields that we do cross-field comparisons with is double reporting. We don't want students reporting the same amount that appears to be in conflict so we would pop and edit for them and say you have told us the same amount of information for your AGI as you did for untaxed income. In those cases on that edit when it pops up for the student we will also hold that indicator there, so they will know which information is probably not correct and be able to correct that information and move on through the application. The



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CPS will set some comments to indicate that the student and/or the parent transferred their data into FAFSA On The Web. And again to minimize the impact we are not going to change any ISIR fields during this first implementation. Our little proof of concept here for the rest of 2009-10. But the comment codes will appear in the FAA only information section of the SAR and it will be in Student Inquiry in the section on FAA Access. So you will know where that information came from and even whether the student had the option to do that. And these comment codes are based on certain conditions like we've been talking about.

So the comment codes for 2009-2010 are the 400 comments 401, 402, and 403 are based on the student and the student's activities and the 500 series are based on the parents and the parents' activities. In 401 and 402 only occur on an 01 transaction. This is the student's original application or renewal application where they are going out and filling it out for the first time. And the IRS data for this indicates that the IRS data was transferred for the student and was not changed by the applicant during the process of applying, and the second one says that the information was transferred and at least one ISIR data field was changed in the application by the user and so you wouldn't see those indicators when you go into student inquiry to look. And the next one, 403, is for the student who has transferred data either in their initial application, well for 2009-2010, that's the only place they can do it in is in their first application in their 01 transaction, but then they came in and made corrections, and during that correction process, they chose to make a change to one of the data elements that had been transferred from the IRS. So we want you to know that that's what happened and that it happened during the correction process. The 500 series are exactly the same for the parent, but they only apply to the parent instead of the student.

So now we want to talk about 'What's New for 2010-2011?' We are going to stop using the comment codes and instead, we will be adding a flag to the FAFSA information area, the financial aid office only information on the SAR. As you can see on the overhead here, it's in the red circle there. There are actually 2 fields under 1 flag, and this can also be seen in the student inquiry section of FAA Access. One of the flags will be for the student to indicate the activity around the student's IRS data request transfer and the other one will be for the parent. All of this information was outlined in the latest edition of Electronic Data Exchange Technical Reference that was published on October 28, so if you want to go out and read the details around this you can do that.

Because students and parents do access the site at separate times, they can carry out different activities when it is presented to them after, as Michele said, they indicated that they had completed a tax return for 2009. This will be next year when they do this. They could opt to go. They could go and then opt to not transfer back. And so we are going to communicate all of these different activities to you by these IRS request flag indicators here. The student might be eligible to participate because they meet the criteria that we've set up and the parent hasn't or vice versa, or they just opt not to go or they opt not to transfer it back. So what this flag will tell you is for both the student and the parent, depending on which one of the fields it is in, is 00 means that the student or the parent was given the option to go to the IRS to retrieve this but they opted not to use it.



That was the instance where Michele said they go over there and they decide they don't want it and they come back; 01 means that the student was sent to the IRS but no IRS data was transferred back, and this could be because they didn't authenticate, as Michele said. They have to enter identical information that's on their 2008 tax return in order for the IRS to authenticate this is the taxpayer that they are looking for data for, and so that would tell you that for whatever reason, they may not have authenticated and come back; or maybe there was no data available. Maybe they thought they filed but the IRS hadn't gotten the data loaded into there yet, or something like that. The 02 means that the data was transferred and was not changed by the student or the parent; and 03 means that the student or parent transferred the data but 1 or more of the data elements was changed; 04 means that the data for the parent or the student was transferred and submitted in that 01 transaction unchanged but that the student came back into Corrections On The Web, made a change and changed one of the IRS retrieved data elements, so we are going to let you know that.

Now 05/06 are sort of out there under construction right now because we are working with the IRS to make some changes for 2010-2011 we have not finalized all those changes. So in anticipation of possible changes, we went ahead and put these flags in there for right now so that software developers and your IT people on campus would know that we might be using them.

We are going to be working closely with the IRS, because one of the fields that we would like to have them transfer back to us, which wasn't in our current design, is the tax filing status. This will help us know more about the student and we may be able to let more students go over to the IRS in the future once we are able to get this tax filing status. And as you know we do lots of cross-field editing in the FAFSA and so if we knew what the tax filing status was and the tax filing status, for example, came back as single, but the student and/or parent indicated that they were married, we would know this information was in conflict and, so, even though they may have chosen to download it, we could sort of give you all a warning that this information might not be accurate based on that activity, and then we might decide not to let them populate this information based on that knowledge and we'd let you know that, or we might decide to go ahead and let the data get populated and then select them for verification and ask you to go out and verify that this information was correct even though there was a conflict in the information that came based on the information we already had. And 06 is still incomplete too and we have not made final decisions about what we are going to do about verification, and I'll talk about that in just a minute.

'What Else Is New For 2010-11?' Some other enhancements that we're talking about. Of course, one of them was our trying to retrieve the tax filing status from the IRS and get that back in the transfer process, and we are very serious about adding this to the corrections process, especially since we aren't able to begin this at startup, if the student came in and completed their 01 transaction, submitted it to us, and came back in and made a correction and had subsequently filed their taxes for that year, then they could go out and retrieve them in the corrections process and we could update it and



then say this was transferred data, and you all would know that it was the accurate data from them.

We currently are not offering this to the Spanish filers who opt to use our Spanish FAFSA to file with. IRS was not ready to work on a Spanish application with all these changes that we were bringing to them. But we are hoping that we will be able to do this in 2010-2011 or at least go ahead and offer it to Spanish filers even though it might be an English process that they work through at the IRS.

And, of course, the last thing that we want to talk to you about is verification. Many of you may know that the Department of Education is currently in the process of holding negotiated rule-making regulatory activity around verification and there may be some changes to the verification process. We don't know whether they will change how students are selected, who gets selected, or what data elements are selected for verification. That is all in negotiated rule-making right now. But let's assume that it's roughly the same as it is right now, and once we've gotten through this proof of concept and we become confident that this is accurate data and that we can communicate to you whether it is accurate data through our codes here, our flags, then the possibility exists that we might be able to say these data elements are verified and you don't have to verify them. As Arne said this morning, you know, the hundreds of thousands of tax returns that are – go ahead, you can clap. We're all working toward this common goal. We're all very excited about it too. And then maybe you would only have to verify other selected data elements, like number in college, number in household rather than having to verify this. The IRS for your benefit has been very, very protective of tax data. That should be good news to you that not anybody can get to your tax data but you and they want to keep it that way. And, you know, it would be beneficial for the taxpayer to not have to be turning in tax returns floating all over America and financial aid offices that all have to be managed and protected, so we're all working toward this common goal of trying to achieve a process where we don't have to collect tax paperwork but can collect the data directly from the IRS.

We are going to talk about some ideas for the future now and open it up for questions. Some of the ideas we have are: We would like to know what kinds of things that you're thinking that we could do to make this process easier for students. We are working collaboratively with another federal agency which, like Michele sort of said, this is sort of historic here, and all of you that have been in financial aid any time know that this has been a long-time discussion. So we did the best job that we could in the short period of time that we did in order to get this up for 2009-2010 and we are happy to hear your ideas and we will take them back and see what we can incorporate. We also want to know what your ideas might be around verification and how we can make that easier, and any thoughts you have about the IRS retrieval process. There are 2 microphones in the center of the room here. I know all of you sat over there so you could see the screens, but 5 is here and 6 is here. If you could go to the microphones it would be very helpful because then everyone can hear your question and Michele and I will stay here until most of your questions are answered, or we can't answer anymore.



[BROWN:] So we have someone at #6:

[AUDIENCE:] Okay. The first question I have relates to Michele. In slide #7 you had mentioned that 5% of married filers actually filed 'married filing separately.' Is that of FAFSA filers or tax filers.

[BROWN:] No these are actual tax filers.

[AUDIENCE:] Tax filers.

[BROWN:] Yeah.

[AUDIENCE:] And, the 2nd question is related to slide 20 and there was a bar across that talked about what is a FAFSA simplified user, and I wanted to know what that was compared to an IRS Data Share user.

[BROWN:] Let me see if I can go back.

[AUDIENCE:] Slide #20. Because we've been led to believe that the simplified FAFSA wasn't going to happen until after 2010-2011.

[BROWN:] Well tomorrow's session, I will be talking a little bit about the changes that we're making to FAFSA On The Web for 2010-2011, so we're just calling that the simplified FAFSA.

[AUDIENCE:] Okay but it is not technically like the easy FAFSA form or anything like that.

[BROWN:] No, no, no, no.

[AUDIENCE:] Okay, perfect. And then one more if I might: Is there any speculation as to if a tax filer does change their tax information that that might be taken into consideration when you flag somebody for verification?

[BROWN:] We haven't really looked at it in terms of verification, but I guess the thing is if they were to change their data, then the transfer indicators would not be there, and so verification selection process would kick in, and if they, you know, by whatever algorithm is there happen to be selected for verification, then you would still review their information. I guess we don't want to use the tool, you know, in a punitive-type way that would discourage people from using it. So I guess, you know, the question is if somebody were to change their data, that we would be sending over some flag saying that, you know, they transferred information from the IRS, they subsequently went out and changed it, and these numbers are different from what actually came over in the IRS data transfer. But I mean those are things that we can look at, but I think that we have to be very careful about how we use this tool and any perceptions around additional oversight that might come out of this process.



[AUDIENCE:] So not a punitive approach at this time is what you're saying.

[BROWN:] No.

[AUDIENCE:] Okay, thanks.

[BROWN:] #5.

[AUDIENCE:] Yes, thank you. First question: On the IRS form, when we see that information and it is populated, the Social Security number, will it only be the last 4 digits, or will it be the entire Social Security number?

[BROWN:] Yeah, the Social Security number on the IRS data retrieval screen will be masked but, you know, they will have already entered their full Social Security number in FAFSA On The Web. But we will be moving that full number over to the IRS data retrieval screen but all but the last 4 digits will be masked.

[AUDIENCE:] The applicant wouldn't be able to see . . .

[BROWN:] They can't change it and they can't see the entire Social Security number.

[AUDIENCE:] Okay. Student who changes, you said, changes information, it will be wiped out completely. How many times can a student change . . .

[BROWN:] I didn't say the information would be wiped out completely. What would happen is those indicators would be removed from those data elements, so that's what the data, you know – again, if they go in and change one data element, you know, that's the only data element that would change. The others would stay there, but those that will transfer from the IRS indicators will be removed from all of the data elements that were transferred.

[AUDIENCE:] Okay, let me rephrase that. A student whose change in data from the IRS indicator who made \$30,000 they said, well no I want to make it \$14,000, that will wipe it out, correct?

[BROWN:] That would wipe out – that would only change that \$30,000, which maybe your suggesting that was their AGI, so they would be able to update their AGI to \$14,000 but there were other data elements that came across in the data transfer process. Those would not be changed perhaps. Those would stay there but, again, those indicators that were on those other data elements transferred from the IRS, those indicators would come off of those data elements. Data would stay. Indicators would come off.



[AUDIENCE:] And then same scenario, if the student decides, well no I really want to put down the correct information, can the student go back again and put back the correct information and would that be seen?

[BROWN:] If they went back through the data retrieval process, then the information would update and the indicators would come back. But, again, if you know any time they change it or touch it, we are going to view that as self-reported information, just like we do today, and so all of the indicators would come off.

[AUDIENCE:] And their institutions will be notified.

[BROWN:] Exactly.

[AUDIENCE:] Thank you.

[BROWN:] #6.

[AUDIENCE:] We always suggest to our students that the best time to do their FAFSAs is after they or their parents have filed their tax return. Has there been any talk of possibly kind of the reverse of what we're talking now, having them indicate when they file their taxes that they want to populate this information onto their FAFSA?

[BROWN:] Well, I guess the timing of this is really kind of late, so optimally somebody would have wanted to use this for the 2009-2010 like back in April or whatever.

[AUDIENCE:] Right but in the future like if they are filing their 2010 tax returns, has there been any thought to when they file that they could give permission to the IRS to populate their FAFSA then?

[BROWN:] This activity is initiated on behalf of the applicant when they are in the application process. I think one of the things is we don't want to advise students to complete their application any later than they currently do, but what we might want to do based on the availability of the solution recommend that they go back in and do the data transfer you know after they file their taxes, if they had not filed their taxes in the timeframe that would allow them to submit their applications, you know, during our peak processing period.

[CLARK:] This is a very slow process of getting to this point of working with the IRS. There have been discussions. Rahm Emanuel, as Arne referred to this morning, would just as soon everybody put a checkbox on their IRS form and say I want to apply for financial aid and be done with it. But, we aren't there. We could talk to the IRS about having an option where when the student and/or the parent filed, is that sort of what you're saying. When the student or parent files their IRS form, say I want that information sent to the CPS so they know what that information is and so that when I go log on. That's a little bit more complicated process. We haven't discussed it, but it's certainly something that we could talk about doing again, like Michele says, we don't



necessarily want the student to wait to make their application until they or their parents have done their tax return, but we are working with the IRS in the future that as soon as someone files within a very short period of time, their data will be in the IRS database that they are building and so then a day or so later, as soon as the IRS has gotten that information, the student would file their FAFSA and be able to retrieve it. This was a pilot process and it took us a while to do it, and until we go to prior, prior year we are not probably going to be able to get the data for every student starting at startup, and that's a huge concept, so we haven't gone there yet either. But we are working toward trying to get the opportunity for the student to retrieve the data as very early as possible, and that's one reason for putting it into corrections next year. If the student files early, then he can come back in just like you send out those IRS notifications. April 15 is over, you need to correct it. Well they could come back in and actually retrieve it from the IRS then. But we haven't talked to the IRS about sending it to us.

[BROWN:] #5.

[AUDIENCE:] Yes, hi. A question was regarding to retrieving the information from the IRS. If a person filed their income tax with a slightly different name with the correct Social Security number, etc., and the PIN number is under one name, because it matches the Social Security number, but say they wanted to do it under their maiden name because that's how they have their business, etc., how would that affect retrieving their income data from the IRS? Would they put down the name that's on the income tax or the name that's on the PIN number?

[BROWN:] They would have to put the name that was on their income tax return.

[CLARK:] The PIN authentication and the name that's with that is being authenticated by us in order for them to go over there. Then once they get there, we're going to present them with the pre-populated data. But if they had filed last year under a different name, they can update that name. You know, your Social Security number should not have changed, and if it did, then you're not a candidate for this process. But the matching authentication for the PIN processes with us – that little screen that Michele showed you – is for IRS, and that's what they want to match against.

[AUDIENCE:] Okay, thank you. I appreciate that.

[BROWN:] Okay #6.

[AUDIENCE:] Mine is actually a kind of a tag-along question to the previous one here. As a QA school, we know that 80% of our students have filed their initial FAFSA by July 1, which is the day approximately that you're anticipating that the match would be able to be used next year. I guess given the length of time it took to get this initial agreement set up with the IRS, what kind of – I guess even just an estimate timetable that it would be to that earlier date that you're talking about – because really, I mean for our students, when you're talking about trying to do that initial IRS using their data, for our school we're only going to have 20% of our students that are going to have that as



an initial option to them, because 80% have already filed; and I guess I'm hoping – the hope was at least when this first came out was that – excellent, they are going to be able to use it. They'll file their taxes. They can complete their FAFSA after a reasonable period of time with the data, and I guess when the slide came up that showed summer 2010, I guess I was just personally a little bit bummed, if you will, as far as workload goes, because we generally select our criteria as far as verification off that initial FAFSA and we're already 80% done for the year at that point.

[CLARK:] 2011-2012 .

[AUDIENCE:] I'm holding you to that – no.

[BROWN:] Initially the IRS told us that they could not make the data available to us until after the tax filing season, and that's you know – the tax filing season ends April 15 and then they had a tremendous workload that they needed to manage after that, and so again, the first projections were the earliest that we would be able to get that information would be in a July timeframe. They have since come back to us and said that they believe they can implement with us the more real time process but, again, I think we need to just kind of get through this initial implementation, help them understand the impact. Because they're developing a site separately from FAFSA On The Web and we're going over to that site. I think when we can get this launched and get in a more of a maintenance and enhancement mode, then we can start to tackle some of these other kinds of issues around timing and those kinds of things. But you know I honestly can say maybe 2011-2012 that we can do that and hopefully we will be able to pull it off by then.

[AUDIENCE:] Okay, thank you very much.

[BROWN:] #5.

[AUDIENCE:] Hi. Mine is a question of clarification, I think. If they are requesting a transfer of the IRS information, why would they be able then to go in and change it? Why would they not be blocked from changing that information if it is accurate in the first place?

[BROWN:] Well, and the thing is, again, we are pretty sure that the process is going to work, but somebody could go out and get the information that was from an initial tax return. They know that they went out and did an amendment. We don't have access to that amended tax data. So I mean again, we wanted to make it optional and give the folks the flexibility to be able to use it. So I think again we have to, you know, it is a student application and I think we have to remain flexible and give them the ability to update that information if they believe that what is coming back from the IRS is no longer accurate or their most up to date information.

[AUDIENCE:] Well, one scenario I did think of was is if they were married filing jointly but they were separated. They were living in two separate households because they



had not gotten a divorce yet. That would be one. But I guess that's the only one I could think of; and my second question is with regard to verification: If they do change, and I think you said that's still under construction as far as whether they will be selected for verification – if they change that information, you're just alerting us that they changed that information. You're not flagging them for verification, is that accurate?

[BROWN:] Right. There are no current plans to change the whole verification selection process.

[AUDIENCE:] Okay. Thank you.

[CLARK:] Just to follow up on your question here: If someone filed a foreign tax return as well as a US tax return, they could go out and retrieve that and then know they're supposed to add the foreign income to it, we should not stop them from doing that. We want that information so that's another example. And another example is if they are married and filing separately, which is this little 5% of the population, we currently don't have enough data to know whether that's in conflict. So they could go out and retrieve it and it could be wrong, so this is part of why we're walking cautiously right now.

[AUDIENCE:] Well you bring up an interesting point on the married filing separately, because it's my understanding on those tax returns, they are supposed to supply the Social Security number of the other spouse, correct?

[CLARK:] Right.

[AUDIENCE:] So do you know if there is a plan in the future to track that, to be able to combine those two to say. Because that's a – for instance right now, if we get a married filing separately tax return but we don't get the other tax return from the other spouse, we're supposed to look at that as conflicting information and say we need your other tax return. Do you know if down the road if that will produce a flag saying you need another tax return?

[BROWN:] Well, and it could. One of the things that we do want to get back is that tax filing status. And so again that can be an edit that we could build in. Let people go out that were married filing separately, do the data retrieval but, again, be able to see that there was another tax filing number on there and then again send some flag associated with that.

[CLARK:] Or in the future offer an opportunity for both the individuals to go out and get it and then add it together themselves or we could go out and know it and add it together, but this is just our first round you know, and so, but we are aware of that and those are the kinds of things we hope to solve for in the future.

[AUDIENCE:] Thank you.



[AUDIENCE:] Good evening. I would like to ask a question in regard to: If we're going to do the retrieval from the IRS, there are items on the tax return that cannot be populated into the FAFSA – for example, money in the bank – on the tax return that will just show the interest, but that will not be populated on the FAFSA. If it doesn't get populated in the FAFSA, what is to stop the student writing whatever he wants if that's under question of verification or looking at the tax return?

[BROWN:] Currently the IRS is only willing to return to us data that is actually needed to complete the FAFSA. So, you know, there is all kinds of information that we report on our tax return but it is not required to complete the FAFSA, and that is the only information that they are willing to return to us.

[AUDIENCE:] If FAFSA asks for money in the bank or how much money you have currently, that's not going to be able to come from the IRS.

[CLARK:] That's true. It's like the current process. It's a self-reporting value, and there is no difference, you know.

[AUDIENCE:] But if I look at the tax return I can see if there is interest or if there is no interest. But if I do it from the IRS I am not going to be able to see that.

[CLARK:] Yes and that would be an option and that might be a reason why you might want to still collect tax returns and look at them. We're just trying to solve toward a problem that, if the data elements that we are required by law to verify are verified through this IRS process, then you wouldn't have to verify those data elements.

[AUDIENCE:] Thank you.

[BROWN:] #5.

[AUDIENCE:] Hi there. I've got 3 questions. Hopefully this won't take too long. If we're seeing that students who choose to do the transmittal process are potentially selected for verification by random selection, can a student go back in and print a copy of that tax information or a parent and use that for verification?

[BROWN:] Well that may be something that we can consider, because one of the options is to just simply print the information out. And so, again, we may, through the verification process, say that they can present that in lieu of an actual tax return.

[CLARK:] That decision has not been made (audience laughter).

[AUDIENCE:] You may have answered this already but . . .

[BROWN:] And they can only access this through FAFSA On The Web, so they can't type in some URL of this IRS site and they'll be able to see the URL when they are in



FAFSA On The Web but they will not be able to access it outside of FAFSA On The Web.

[AUDIENCE:] The 2011-2012 version – are you anticipating to have that option for students right after January 1?

[BROWN:] Now that's what we're hoping that again if the IRS can make the files available to us sooner, so you know starting after January 1 and when people file their tax returns, what they tell us that if somebody files their taxes electronically that they can have those transfers available in like 24 to 48 hours. And so what we're envisioning for 2011-2012 that if somebody comes in to FAFSA On The Web, they are completing their FAFSA, they say that they've already filed their 2010 tax return, and we could just simply say, you know if you filed your tax return within 48 hours ago or 72 hours ago, you can access this, though again they can know, did I file electronically 72 hours ago. If so, my information should be in the database and let me go use this data retrieval process. Again, there may be a different timeframe for people that file using paper, so again, but that's what we're envisioning for 2011-2012.

[CLARK:] Those are the kinds of requirements that we want to know from you all and will be working on that. We're trying to get 2010-2011 up right now, even 2010-2011 FAFSA.

[AUDIENCE:] And that's if prior-prior year doesn't show up.

[BROWN:] Well, but the thing is, I think if we could do something like that, it would possibly eliminate the need for prior-prior year, because again, you would be able to get that information in more real time.

[AUDIENCE:] Thank you.

[AUDIENCE:] Hello. I just have some clarification questions. Earlier when the gentleman asked about the indicators will come off if a change was made – Did you state that if they go back and put the exact amounts in there that was in there originally the indicators would go back on?

[BROWN:] No, they would actually have to go back through the data retrieval process to get those, to get the data repopulated and to get those indicators reapplied to the application.

[AUDIENCE:] So then the data transfer can happen on any transaction, not just the 01.

[BROWN:] Right.

[CLARK:] Right now it's just on the 01 transaction. We're looking at putting it into Corrections In The Future.



[AUDIENCE:] So for 2009-2010 in January, it's only on the 01?

[CLARK:] Right.

[AUDIENCE:] Okay. And then for the name population, if this were 2009-2010 where the initial would just go in or going forward, which I guess you'll present tomorrow, will the full name of the parents be populated on the IRS data?

[BROWN:] Whatever they enter in on FAFSA On The Web, that is what we are going to move forward and populate into the IRS side. But if they had reported a different name – so let's say you know they're official name is William, they reported that in FAFSA, but they used perhaps Bill when they did their 2008 tax return – that's what the IRS is going to be looking for – Bill. So that person would need to update that William to Bill on the IRS authentication screen.

[AUDIENCE:] Okay, thank you.

[BROWN:] I mean, I think those situations should be rare. I think most people are using – they should be using – they know, okay. But anyway, so when we do our Social Security match, we're matching on the first and last name and the date of birth, and Social Security number and that is what our Social Security match is looking for. I am not sure what the IRS match looks for but what they tell us that they will be matching on is whatever was reported on that relevant tax return.

[SPEAKER:] #5.

[AUDIENCE:] First of all, I would like to compliment you on the steps that have been taken to make this process work.

[BROWN:] Oooh, you just don't know!

[AUDIENCE:] My original question was going to be - Can the student go in after you've started to load the data even though they initially did the application and the information wasn't available, could they go back in in a kind of a verification mode and resubmit the data so that it would pull the data in. You've answered that just the way I would like to see it happen, and again I commend you.

[BROWN:] Yeah, but you know for this time again, because we do not have it in Corrections, but in the future they could go back into Corrections and they've already reported, have their application submitted, and they can go back in Corrections and then download that information. Those indicators would come on that corrected record so. But, not for this implementation, but hopefully for the one we are going to do in July.

[AUDIENCE:] Again, I commend you.

[BROWN:] Well, thanks.



[AUDIENCE:] Because you've answered my question without me asking it and I know that one of the things that concerns me is that when individuals put the information on the applications, they don't always believe that the information has to be correct. They figure out that there is a way that they can get around it, but I think by working together the way you're doing here, and presenting options to the consumer, that we are encouraging the reporting of correct information and it really goes a long way in helping us to do the job that you expect us to do, and I commend you again.

[BROWN/CLARK:] Thank you.

[BROWN:] Hopefully this will even make it easier for applicants. They don't have to go up, go out and search for those tax returns.

[CLARK:] That they don't make a copy of.

[BROWN:] Yeah, that they did make a copy of . . . you know they can just go in here, simply do this data retrieval process, have access to the information. We know, hopefully, if it comes from the IRS it is accurate and then they could move on in the app.

[AUDIENCE:] And now possibly that doing this is much better than prior-prior year.

[CLARK:] Yeah. We sort of look at this as the opportunity for the taxpayer to – we all have to look at it sort of positively like we're saving the taxpayer from having to go find their file and pull it out. They're going to actually be able to transfer this information in. They are going to put the right data elements in the right fields because they don't have to go like oh, field 36, and make sure that they match up. So that's the process that we're in here. We're helping the student make this process easier. We hope to eventually be able to make it easier for financial aid administrators in the verification process, but that's certainly not mine or Michele's decision to make. So, policy will have to weigh in on that.

[AUDIENCE:] Hi. If a student answers all the dependency questions, making them a dependent student but their parents filed a foreign income tax return or they are in a situation that would merit a dependency override, would the student be able to access their IRS data without the parents also accessing the IRS data?

[CLARK:] Yeah, it's a separate process for the student and a separate process – the student – at the point a dependent student's parent gets there, they can say I want to go to – if we present it to them because they have filed and they need the other criteria, they can opt to go get it. They can opt to go look at it and not bring it back, or they can opt to not even go there. And then when the student gets to their part where it says what is your AGI, did you complete a tax return, we'll offer them the opportunity. If they meet the criteria, they can go over and get theirs, even though their parent didn't. And if a student and a parent both go get the data but a parent changes one of those data



elements, all of the indicators will go away on the parents, but all of the indicators on the student's will stay there, because that's still his or her IRS data.

[AUDIENCE:] Hi. I have a verification question for you. We've talked about IRS data retrieval but what happens to things like investment income and business income in case the ISIR gets picked or flagged for verification? Oh, are those fields going away or are we still going to be dealing with those?

[CLARK:] What you need to understand right now is nothing has changed with verification for 2009-2010 or 2010-2011. There are no rule changes. If the student is selected, you need to get a tax return, even though it says the IRS data is there. Because we aren't driving policy's decisions about verification. Nothing's changed until you get notified of it. In the future with the simplification of the FAFSA and the things that even Arne mentioned this morning about if your assets are less than \$250,000, we may not even ask those questions. So, until negotiated rule making is over and any other changes happen to the FAFSA questions, your process of verification remains the same.

[AUDIENCE:] Okay. So now if we can get the Department of Homeland Security to talk to the Social Security Administration to communicate regarding citizenship issues that would be even better. Thank you for trying to do this process, I know it is very complex.

[CLARK:] Right. We're working with all of them.

[AUDIENCE:] You may have already answered this but what happens if a student or a parent does check – they want to do the data retrieval but there is no data out there. Will the IRS come back and say there is nothing there, then they just go in and self-report?

[CLARK:] Yes, right. The student will get all kinds of messages from the IRS at their site depending on the status, and then the student will just be brought back to the FAFSA and then they'll just finish it and have to provide their own data.

[AUDIENCE:] Okay. Will that apply also for say 2011-2012 when hopefully we can start this in January, the parent may have done the paper tax return, it is not in the database yet, so it will give them that error message, and then they either wait and keep checking? Or they go ahead and self-report.

[BROWN:] Yeah, as a part of this process, I mean if they can't authenticate, IRS within their system is going to have all types of messaging back to the taxpayer. So if they are unable to authenticate, there are messages and things that go with that. If there is no data found, there is messaging that goes along with that. So, there will be a whole set of messages and information provided from the IRS based on the information that's provided.

[CLARK:] We haven't finalized stuff for 2011-2012, so we don't know yet.



[AUDIENCE:] Right. Okay, so the application received it, and I am thinking about our state's deadline for state aid, if that came back and it wasn't in the database yet, we might want to tell them to go ahead and self-report so that they don't miss the state deadline then?

[CLARK:] Right, correct. We want to emphasize it. Nothing's changed about the financial aid application process as far as when the student should do it. This shouldn't drive that if you have state deadlines and stuff that they need to meet, yes.

[AUDIENCE:] Okay, thank you.

[AUDIENCE:] I would also like to thank you for all your hard work. I'm sure you've had a lot of late nights getting this done. I have just a couple of questions. Is there a limit to the amount of times a family can authenticate their data with the IRS?

[BROWN:] Currently there has not been any limit communicated, but I don't know. They may start to get a little bit suspicious if people – because the IRS is going to be monitoring this site and all of that, so I mean they could get a little suspicious if people kept going out trying to use the site.

[AUDIENCE:] My concern is that families sometimes don't remember the form that they filed with the IRS. So they might think they filed a 1040 but they really filed a 1040EZ, and that doesn't match – they would have to try again.

[BROWN:] And, really that does not matter so much. I mean they are going to be telling us that they filed a 1040 and what's going to happen is that's not some of the information that we're going to be passing over to the IRS. We're just passing the name, the date of birth, and Social Security number. Now, but the IRS on their side will actually return to that taxpayer the type of form that they filed. So they will be able to see on the IRS data screen the actual type of tax return that was filed.

[CLARK:] The IRS is only asking filing status – did you file married, filing jointly, or did you file separately, or did you – whatever – head of household or whatever. But, they will go find whichever type of tax return – 1040, 1040A or 1040EZ - and bring that back to the filer.

[AUDIENCE:] What will be returned if there is a professional judgment on and adjusted gross income is adjusted by a professional?

[BROWN:] Now those processes. Those things that are our processes won't have any impact on this. So you know if somebody goes out there, uses data retrieval. If subsequent to them submitting their application they need to work with you such that you do a professional judgment or whatever, you would just be going in the system and updating their information based on that professional judgment; and, again, if they had indicators because those indicators that come across from – you know, they had initially



done an IRS retrieval, then again those indicators are going to fall off, but they are working with you more directly around providing whatever is accurate or what needs to be reported based on their circumstance.

[AUDIENCE:] And just one last comment: If a family goes out and changes the information that was populated by the IRS, you may not be selecting them for verification but for me it's outside of verification. It brings up the question about conflicting information. So if the IRS information reports one AGI and the family goes in and changes it to another, to me that talks to whether or not there is conflicting information, which should require me to in some way resolve that.

[CLARK:] Well, like we mentioned before, it could be because they filed a foreign tax return. It could be because they filed an amended tax return. It might not be malicious for the reason that they changed it. It might be a very legitimate reason. They filed their taxes. IRS showed that was what they filed, but didn't update their IRS database and report back to them their amended amount, and so the student or parent knows that, and so they make a change. So it could be very innocent and legal and correct to do that. So it's not necessarily a fraudulent attempt.

[BROWN:] And you'll have the codes that we will be passing back and you can decide how you want to follow up based on the information that we provided.

[AUDIENCE:] I just want to verify 1 more time that for 2009-2010 the data retrieval can only be used on transaction 01 or can only be used once?

[BROWN:] Only on transaction 01.

[AUDIENCE:] So it's definitely tied to the number 01?

[BROWN:] Right.

[AUDIENCE:] Okay.

[CLARK:] It's when the student goes in and does their initial application or their renewal application, it will be presented to them. If they come back in to Corrections we haven't added it to the correction process, which is the 02 or higher transaction.

[AUDIENCE:] Okay, and Corrections will be available for 2010-2011?

[BROWN:] Hopefully.

[CLARK:] We're looking at that and we hope to. It's not been a definite decision.

[AUDIENCE:] Okay.

[CLARK:] But it shouldn't be difficult. 5?



[AUDIENCE:] I wanted to clarify a statement I think I heard – that if a parent retrieves data and they qualify for automatic 0 EFC, then the student would not be able to do their own IRS data retrieval.

[BROWN:] No, they wouldn't be presented it, because currently if a parent qualifies for auto 0, the students don't have to report income on the FAFSA. So there wouldn't be any need to present them with the data retrieval process.

[AUDIENCE:] My concern is I have students that are dependent for federal aid but independent for state aid, which is using that FAFSA data so they would be overstating their eligibility for state aid. Because the information wouldn't be presented for them.

[CLARK:] That's not correct.

[BROWN:] But the current process is those students wouldn't be submitting any income data anyway on the FAFSA.

[AUDIENCE:] But they are.

[BROWN:] Wait a minute. Okay, let's get you [Inaudible]. The income information? Okay. Oh, okay. What [Inaudible] is saying is that they can opt to provide their income information and so they would then be able to use the process.

[AUDIENCE:] But would they have to make that option or put something in before they would be able to go into IRS retrieval?

[BROWN:] They are asked the question 'do they want to provide their income information.' We can talk about it offline, but I think when they go through the application, even though their – if the parents were auto 0, we still ask the student, we give them the opportunity to provide their income information. It is not required but they ask if they want to provide it. And so then if they were to answer yes then they would have the opportunity to use the data retrieval.

[AUDIENCE:] Thank you.

[AUDIENCE:] Yes, ma'am. You mentioned talking about the students who would opt to go over and look and decide not to transfer the information. They would have to log back into FAFSA.

[BROWN:] Right.

[AUDIENCE:] Does the system save the information they've done up to that point.

[BROWN:] Yeah. It will save everything that they've done to that point and when they log back in, they will be returned to the point that they actually had responded to the



type of tax return file. I think we're just about out of time, so we'll just take these last 3 questions.

[AUDIENCE:] Okay. Our non-married students are notorious for filing as head of household and I know they need the qualifications. It is not recommended they do that but they are going to do it anyway. So, if we have someone that filed as head of household in 2010-2011, you will have a flag there, the 05 and 06, which is under construction. What will happen in 2009-2010 if they file as head of household but they are married – will we get some sort of flag? Will they be selected for verification or will we be notified of that information?

[BROWN:] Not for 2009-2010. We aren't getting filing status back in 2009-2010 so we don't know how they filed. That's the one question we did not get into 2009-2010 so we won't know. But the verification process for 2009-2010 is not changing at all. So if that student was going to get selected and you were going to see their tax return, nothing has changed about that. You still need to collect tax returns for everybody even though they have gone out to IRS. None of that's changed.

[AUDIENCE:] Okay, thank you.

[AUDIENCE:] You answered the question already about the indicator is going to happen only on the transaction 01 but how about the Comment Codes, will that happen only on transaction 01 or it will happen on the correct ISIRs, like the subsequent ISIRs also?

[BROWN:] No just on transaction 01 because again, they won't be able to use this in Corrections. So they'll stay there if they have not made any changes that would impact the data that was transferred over from the IRS.

[AUDIENCE:] So, I guess what I'm trying to understand is if, let's say they have corrected the information that gets transferred from the IRS, that Comment Code whatever you showed on the slide, that will show on the corrected ISIR?

[BROWN:] Yeah.

[AUDIENCE:] Okay, so it will be happening wherever the latest transaction, right?

[BROWN:] Right. As long as they don't make any changes or updates to that tax information that came over, that stuff will continue to show on any subsequent ISIRs.

[CLARK:] But it's also if they come in and make a correction and then it changes data or stuff in the Comment Code.

[BROWN:] Right and, again, if in any subsequent transaction and through Corrections they change some of the IRS data, again those indicators will come off.



[AUDIENCE:] Okay, thank you.

[AUDIENCE:] Good afternoon. I have a comment and observation: At the college that I work, we verified about 3500 files this year, which is a 55% increase for us. We noticed that there were quite a few increased incidents this year of non-custodial parents filling out the FAFSA on behalf of students rather than custodial parents for obvious economic reasons. So my suggestion would be, and I've been hearing it from a bunch of people here concerned about marital filing status, separate and all of that, is that re-strengthening the language on the FAFSA and add the word custodial to parent/stepparent so that it is plain and apparent that they should be reporting the custodial parent because at this point there is nothing to stop the non-custodial parent to go out and get this information and have that come in and is transferred through as IRS verified data, so just something to consider.

[BROWN:] All right. Well, I just wanted to go to this last slide that has my E-mail address and Marilyn's E-mail address and I'm just really happy that you guys stayed, listened to the session, had lots of questions and ideas, and I would encourage that, as we look at enhancing this for the 2010-2011 application and as we consider other things that we might want to do for 2011-2012, that you send your E-mails and send your suggestions to Marilyn or I. I mean, I think one of the things is that we really want to be able to demonstrate for the IRS that this is a benefit to our applicants to have this data retrieval process and that anything that we can do to further enhance it to simplify the process for applicants and their parents, it only strengthens the relationship and the perceptions of the two agencies. So please send your comments. I can't guarantee that I'll respond to everybody, but again we do make major changes to our systems based on the hints and ideas that we get from you guys. And so, we definitely will use that information to inform or continue to engage the IRS in this process. Thank you for attending this session. Please complete your evaluation, let us know what you think about this session, and about this process.